

Section A: Prospective Borrower Information

Item No.	Question	Response
1.	Legal name of prospective borrower:	City of Wichita, Kansas
2.	Other names under which the prospective borrower does business:	N/A
3.	Department and division name:	Public Works and Utilities
4.	Business street address, city, state, zip:	455 N Main, Wichita, KS 67202
5.	Mailing street address (if different from above):	Same as business address
6.	Website:	<a href="http://www.wichita.gov">www.wichita.gov</a>
7.	Employer/taxpayer identification number (EIN/TIN):	48-6000653
8.	Dun and Bradstreet Data Universal Number System (DUNS) number:	04-306-3460
9.	Type of entity (check all that apply):	Local Governmental Entity

**Item No. 10. Describe the organizational structure of the project(s) and attach an organizational chart illustrating this structure. Explain the relationship between the prospective borrower, the project, and other relevant parties. Include individual members or titles of the project team(s) and their past experiences with projects of similar size and scope. If multiple parties are involved in the project's construction, maintenance, and operation, describe the project's risk allocation framework.**

The City has been engaged since 2015 in a comprehensive asset management program to optimize management of its water and sewer utility. Having recently completed the initial evaluation, the City is now considering the resulting analysis to determine the most advantageous approach to delivering two major projects including the Northwest Water Treatment Plant (NW WTP) and Wastewater Treatment Plant Biological Nutrient Removal (WWTP BNR) upgrades to wastewater treatment plants 1, 2, and 5. The City is currently exploring different project delivery methods, ranging from traditional Design-Bid-Build delivery to alternative deliveries such as Design-Build (DB), Design-Build Operate (DBO), or Design-Build-Finance-Operate-Maintain (DBFOM) which is often referred to as a public-private partnership (P3). The City is also considering a multi-year operations and maintenance program with CH2M that would provide operations and maintenance support to existing staff and implement cost effective practices and processes. Although the City is exploring project delivery alternatives and augmented operations and maintenance services, a City-only delivery is modeled and a City-only organizational chart is included in **Appendix A – Project Team and Org Chart**. If the City chooses to move forward with traditional financing of these assets, the organizational chart will mirror the utilities' current structure with the City contracting directly with teams for design and construction, issuing tax-exempt debt in combination with WIFIA financing, and performing operations and maintenance in house. If the City chooses to move forward with alternative delivery, such as DBFOM or P3, the organizational structure

for the NW WTP and WWTP BNR projects would be developed during the WIFIA loan application process and procurement.

**Item No. 11. If the prospective borrower is not a public entity or in the case of the prospective borrower being a state infrastructure finance authority, the sub-recipient(s) is not a public entity, is the project(s) publicly sponsored? Please explain.**

The prospective borrower is the City of Wichita, Kansas; a public entity.

**Item No. 12. Indicate (yes or no) whether the prospective borrower is prepared to submit an application within 365 days after receiving an invitation to apply. (Assume invitations to apply will be issued approximately 90 days from the close of the letter interest submission period).**

Yes. The City's understanding is the invitation to apply will include the amount of eligible WIFIA funding it could expect to receive, assuming it meets the requirements of the application.

#### Section B: Project Plan

Item No.	Question	Response
1.	<b>Project name(s) (for purposes of identification assign a short name to the project(s)):</b>	Wichita Water and Wastewater Infrastructure Improvements
2.	<b>Project website(s):</b>	N/A

**Item No. 3. Provide a brief description of the project(s):**

**Please see Appendix B – Executive Summary**

The City is focused on constructing a new water treatment plant (NW WTP) as a redundant water plant to the current water treatment plant (WTP), which has been in service since the 1940s. The City plans to construct the new NW WTP, utilizing WIFIA funding, at a 120 MGD capacity, to provide full treatment redundancy to meet daily demands, which will allow the current water treatment plant to be taken completely offline for rehabilitation, which reduces capital costs and construction and O&M risks.

Additionally, a change in regulatory requirements, as dictated by the Kansas Department of Health and Environment, necessitate wastewater treatment improvements for Biological Nutrient Removal and therefore require investment into a WWTP BNR project. Three of the five wastewater treatment plants will need to meet the BNR requirements. These processes have processes dating back to the 1950s, with some infrastructure updates occurring in the 1990s and early 2000s.

Both the NW WTP and WWTP BNR projects are required for the City to adapt to environmental changes (weather, climate, and regulatory) by allowing for multiple sources of raw water with greater drought resiliency and providing higher quality effluent for improved downstream river and reservoir water quality. In addition, these projects will result in new treatment technologies resulting in enhanced chemical and energy efficiency, reduced O&M costs, and greater utilization of automation for process control, higher performance, and optimized staffing. Ultimately, these projects are rehabilitating or replacing infrastructure that is well beyond its useful life.

Utility history and project plan is included in **Appendix B – Executive Summary**.

***Item No. 4. Describe the project's purpose (including quantitative or qualitative details on public benefits the project(s) will achieve).***

Wichita is the largest city in the state of Kansas with a current population of approximately 385,000 and a current metropolitan area population of approximately 550,000. Daily peak water demand in 2016 was 79 MGD, however historical peak water demand has consistently been 90 to 110 MGD within the past five years. As the City continues to grow, utility infrastructure performance and operations become increasingly important to successfully meet its mission of providing an environment to protect the health, safety, and well-being of all who live and work in the community. The City is dedicated to accomplishing this mission by investing in the existing and future infrastructure and has focused on several projects that will dramatically increase utility resilience through capital investment and rehabilitation of the treatment systems.

The City currently operates a single water treatment plant (WTP) with a current treatment capacity of 120 MGD. The existing WTP is a conventional lime-softening treatment plant originally constructed in 1940. The existing WTP was identified for potential improvements, not due to capacity or regulatory requirements, but due to the age and condition of the facility, inefficiencies of aged electrical and chemical systems, aged computer automation system, failing mechanical systems, and lack of a fully redundant treatment plant. The City is seeking an opportunity to improve the resiliency of the utility and reduce the risk of system failures impacting community health and productivity.

The City recently began exploring options for delivery of a new NW WTP by developing a Business Case Evaluation **(included as Appendix C – 2017 Northwest Treatment Plant Business Case Evaluation)** in order to determine the best way to address water treatment needs. The analysis concluded that the most beneficial alternative to improve system-wide resiliency involves rehabilitation of certain components within the existing WTP immediately followed by the construction of a new 120 MGD NW WTP. The new NW WTP will be capable of meeting the current peak daily demand and both treatment plants combined will meet the projected water needs over the next 40 years by doubling current treatment capacity.

The City will begin design and construction of the new facility in 2018 with a target project completion date in 2022. The project will also involve construction of supporting infrastructure, such as distribution system enhancements, to ensure redundancy and resiliency throughout the utility.

The proposed new NW WTP will be built on a greenfield site, utilizing land currently owned by the City. The site is located on the northwest side of Wichita and is shown in **Appendix D – Project Maps**. The proposed NW WTP is anticipated to utilize either a conventional or high-rate lime-softening process, dependent on the project delivery method, and will be capable of treating both of the City's current groundwater and surface water sources. The current water treatment plant is only capable of treating blended groundwater and surface water.

In addition to the improvements planned for the water treatment system, the City also plans to make improvements to the wastewater treatment plants (WWTPs) in order to proactively meet regulations for Biological Nutrient Removal (BNR) required in 2028 by the Kansas Department of Health and Environment (KDHE). The City's five (5) Wastewater Treatment Plants (WWTPs) have a total design peak treatment capacity of 75 million gallons per day (MGD). The total permitted treatment capacity is 59 MGD (average daily flow) and currently the average daily wastewater flow treated is approximately 34 MGD for Plants 1, 2 and 5. The City will implement improvements to these three (of five) facilities in order to meet the environmental BNR regulations:

- Plant 1: Grove Street Pump Station

- Plant 2: Lower Arkansas River Water Quality Reclamation Facility
- Plant 5: Mid-Continent Water Quality Reclamation Facility

The WWTP BNR project will provide rehabilitation and upgrade improvements to the above three listed treatment facilities and will ultimately provide the City with 42 MGD of BNR treatment capability that can meet future capacity requirements, as well as meet the regulations put forth by KDHE. A business case evaluation (included as **Appendix E – 2017 Biological Nutrient Removal Business Case Evaluation**) was developed to explore treatment alternatives and costs, as well as scheduling of the proposed improvements. While the regulatory-driven BNR requirements result in changes to existing treatment processes, most of the existing equipment and structures can be repurposed resulting in substantial capital cost savings. However, most of the equipment is 25 years old, and at the end of its useful life, so the WWTP BNR project will include rehabilitation or replacement of aged process equipment such as pumps, blowers, valves, piping, clarification, digestion, biosolids handling and dewatering, etc., as well as supporting infrastructure such as odor control, electrical, HVAC, and computer control systems, etc.

The WWTP BNR project will ultimately provide for a more robust wastewater treatment system, enhanced odor control processes key to adjacent residential property owners, increased O&M efficiency, improved process control and automation, and overall lower risk. In addition to the anticipated KDHE regulation, the assets associated with these plants are aged and due for replacement or rehabilitation.

The City recently completed a Utilities Optimization analysis, which includes an asset, operations, staffing and financial assessment of the water and sewer utility, completed by CH2M and its subcontractors. The results of this analysis have led the City to explore and further research alternative project delivery, augmented operations and maintenance assistance, and in some cases, alternative financing. The review of this information is not yet complete and at the time of this Letter of Interest, the City has made no commitment to alter either project delivery or operations and maintenance. The information provided within this Letter of Interest represents a City-only position and any models and projections are based on information and approaches the City has used historically, unless otherwise noted.

Item No.	Question	Response
5.	<b>Describe the location of the project(s). Include a project map, if available, and/or latitude and longitude details.</b>	Maps are included in Appendix D
6.	<b>County(s) project(s) will serve:</b>	Sedgwick County, Kansas Butler County, Kansas (water only)
7.	<b>Population served by the project(s):</b>	NW WTP – 550,000 WWTP BNR – 385,000
8.	<b>Total population served by system:</b>	550,000

***Item No. 9. Indicate the type of project delivery method (i.e., design-build, construction manager at-risk, design-bid-build) that is planned for this project(s).***

Delivery alternatives for the NW WTP project are being evaluated, in part, through a Value for Money analysis, attached as **Appendix F – Northwest Water Treatment Plant Value for Money Analysis**, which includes several alternatives such as design-build (DB), design-build operate (DBO) and design-build-finance-operate-maintain (DBFOM or P3). The ultimate delivery alternative will be selected during the WIFIA loan application process and is anticipated to be selected based on lowest lifecycle costs, project performance, and ability to transfer risks to delivery partners.

The WWTP BNR project delivery will consider all reasonable delivery alternatives.

For both the NW WTP and WWTP BNR projects, the delivery partners will be competitively procured.

***Item No. 10. Present the project schedule(s), including the proposed project start and end dates of planning, design, permitting, and construction or implementation phases.***

The anticipated project schedule for the NW WTP and WWTP BNR projects is shown in Figure 2. Procurement and start of construction of site prep work, demolition and design activities can begin within 90 days following a loan agreement. See **Appendix G – Anticipated Project Schedule**.

***Item No. 11. Provide any analysis (i.e. preliminary engineering reports, feasibility studies, preliminary designs, siting studies, project plans, etc.) completed in support of the project(s). Provide any referenced documents as attachments.***

The need for a new NW WTP has been noted in City planning documents as early as 1993. The City purchased the land for the future plant in 1998. However, due to its substantial investment, other capital improvement projects, often emergency in nature, took priority and the treatment plant has continued to be delayed.

Following is a list of NW WTP project related reference documents, however not all of them are attached due to their age or size of document.

- Not attached: 1993 Integrated Water Supply Plan
- Not attached: 2000 and 2006 Water Master Plan Update
- **Appendix C - 2017 Northwest Treatment Plant Business Case Evaluation**
- **Appendix F - 2017 Northwest Treatment Plant Value for Money Analysis**
- **Appendix H - 2015 Geotechnical Report**
- **Appendix I - 2017 Master Plan Update Draft (Relevant Sections)**

Biological Nutrient Removal (BNR) processes within the wastewater treatment plants have been considered since 2009. BNR will be required by the Kansas Department of Health and Environment by the year 2028. There are a total of five permitted wastewater treatment plants (WWTP); the oldest of which (WWTPs 1 and 2) have assets dating back to 1957. The permitting changes will impact three of the five facilities: WWTP 1, Grove Pump Station; WWTP 2, Lower Arkansas River Water Quality Reclamation Facility; and WWTP 5, Mid-Continent. Following is a list of WWTP BNR project related reference documents.

- **Appendix E - 2017 Biological Nutrient Removal Business Case Evaluation)**
- **Appendix I - 2017 Master Plan Update Draft (Relevant Sections)**

- **Appendix J - 2009 Nutrient Loading Evaluation**
- **Appendix K - 2009 Lower Arkansas River Water Quality Reclamation Facility Nutrient Reduction Cost and Feasibility Study**

***Item No. 12. Present the findings of any alternatives analysis or business cases conducted, if available. Describe the project alternatives considered and the rationale (i.e., lowest capital cost, greater ease of operation, most reliable, fewest environmental impacts, etc.) for the selected alternative; this description should include the technical, managerial, financial, environmental, operational and local decision making rationale for the selected approach. Provide any referenced documents as attachments.***

Several options for the existing water treatment plant rehabilitation and NW WTP construction were considered, and are outlined in the attached Business Case Evaluation (BCE) (**Appendix C**). Six options were explored, and those six options were modeled with immediate construction or later construction periods, resulting in twelve alternatives as seen in the BCE.

Results indicate that by immediately building a facility that is capable of meeting current peak demand, the existing facility can be taken offline for future rehabilitation, creating savings in capital cost and schedule for construction. The analysis also took into account the lifecycle cost savings that can be achieved by building a new water treatment plant. The efficiency and reduced maintenance cost of operating a new facility will result in significant cost savings for the City.

The improvements to the wastewater treatment plants in order to comply with biological nutrient removal requirements explored the options for rehabilitation using the same business case evaluation (BCE) process that was used in the water treatment plant evaluation, and is attached in **Appendix E**. The BCE concluded that a number of options were acceptable in both economic and non-economic benefits and risk-reduction, with an emphasis on an earlier construction providing the greatest benefit.

***Item No. 13. If available, provide a copy of the system master plan or like document.***

In 2015, the City contracted with Burns & McDonnell to complete a Water and Wastewater Master Plan Update which is near completion and under internal review. The focus of the Master Plan Update, attached in draft form in **Appendix I**, included asset performance and meeting future growth demand, while also relegating asset condition concerns explored in the Utilities Optimization project.

***Item No. 14. Briefly discuss any other issues that may affect the development and financing of the project(s), such as community support, pending legislation, permitting, or litigation.***

Approval of the project is subject to a City Council vote to approve the necessary rate increases to support the significant capital costs. The WIFIA loan will assist with this effort by reducing the upfront impact to ratepayers.

***Item No. 15. Describe the authorizing actions (e.g., local vote, board vote, ordinance) that would need to occur in order to enter into a loan agreement with the WIFIA program.***

City Council approval.

***Item No. 16. Present the environmental review process and status of such for the project(s).***

The NW WTP project is a greenfield project that will be constructed on City-owned land which will undergo an environmental review during the design phase.

The WWTP BNR project will include process improvements to existing facilities on existing City-owned property and will undergo an environmental review process during the design phase.

Based on both project locations and the surrounding development around the project properties, it is not expected to have environmental impacts.

**Item No. 17. Describe the status of any additional permits and approvals that the project(s) may require. If applicable, describe community outreach efforts conducted to date and planned for the project(s).**

The program/projects will be subject to typical construction permitting (easement permitting, building permits, stormwater permits).

As the projects progress, the City will update the community through a series of public meetings. These types of meetings include District Advisory Board meetings, City Council workshops, neighborhood association meetings, and media/social media updates.

**Item No. 18. Indicate if the project is for new construction, substantial improvement, or to address substantial damage to structures and facilities, as described in Executive Order 136901 and the Guidelines.2 See the WIFIA program handbook, section 2.7.4, for more information.**

X New Construction – NW WTP project

X Substantial Improvement – WWTP BNR improvements

Addresses Substantial Damage to Structures and Facilities

None of the Above

**Item No. 19. Indicate if the project is located in, close to, or could impact the 100-year floodplain.**

Located in 100-year floodplain

X Close to 100-year floodplain - The WWTP BNR improvements will be close to a 100-year floodplain.

Could impact 100-year floodplain

X None of the Above - The NW WTP is not within the 100-year floodplain.

**Item No. 20. If known, indicate if the project is in the expanded horizontal floodplain as described in E.O 13690 and the Guidelines. If necessary, will the project be made resilient to the higher vertical elevation as described in E.O 13690 and the Guidelines.**

Based on our current information, neither the NW WTP nor WWTP BNR projects are anticipated to be within the expanded horizontal floodplain.

#### Section C: Project Operations and Maintenance Plan

**Item No. 1. Provide the estimated useful life of the project(s) and describe the underlying assumptions. In determining the useful life of the project(s), please consider the useful economic life of the asset(s) to be financed.**

The NW WTP and WWTP BNR projects are anticipated to have an overall useful life of 50+ years. This long useful life exceeds the anticipated WIFIA loan term and has been demonstrated by the 75 years of service from the existing WTP and 60 years of service from components of the existing WWTP. However, the useful life of individual components will vary based on the following:

- 10 to 40 years: electrical and control components; rotating and mechanical components
- 50 to 60 years: structures
- 60 to 100 years: piping

The City is currently implementing a comprehensive asset management program which will monitor asset condition and performance, provide for preventative maintenance activities, and evaluate when corrective maintenance, rehabilitation, or replacement of assets should occur. These decisions will be based on overall lowest lifecycle costs to the utility, as well as levels of service and risk.

***Item No. 2. Provide the project(s)'s operation and maintenance plan, including sources of revenue to finance those activities, any performance guarantees, and major maintenance reserves. A preliminary or draft plan is acceptable.***

The City's comprehensive asset management program is being developed to include: more defined standard operating procedures (SOPs); an expanded use of existing computerized maintenance management system (CMMS) for tracking of asset condition and performance as well as automating work orders and procedures; improved supervisory control and data acquisition (SCADA) system for increased asset performance and reduced energy and chemical usage; and improved tools for optimized decision making with respect to lifecycle costs, levels of service, and risk.

While the NW WTP and WWTP BNR projects will benefit from the implementation of the comprehensive asset management program, the utility will also be delivered with digital and searchable O&M manuals, including operating procedures and preventative and corrective maintenance procedures and schedules, for all equipment.

The anticipated O&M costs for the NW WTP and WWTP BNR projects have been developed and are included in **Appendix L - Operations and Maintenance Funding Plan**. These O&M costs would be funded by water and wastewater rates and have been used in the development of the Financing Plan in Section D. The Financing Plan also identifies the amount of available cash reserves for normal O&M activities as well as major maintenance or emergency situations, as illustrated in Finance Section 1.4 (Cash Reserves).

The NW WTP or WWTP BNR projects will be evaluated for optimum delivery alternatives during the WIFIA loan application process. Depending on the delivery alternative selected and where applicable to the delivery alternative, the City anticipates identifying and requiring an O&M based performance guarantee.

***Item No. 3. Describe any contractual arrangements that may impact the operation of the project(s).***

There are no existing contractual arrangements that will impact the operation of the project.

#### Section D: Financing Plan

***Item No. 1. Provide a narrative describing how the project(s)'s senior debt obligations will garner an investment-grade rating(s). This narrative should include, as available, a discussion of the financial structure of the project(s), a projection of key financial ratios such as the debt service coverage ratio, debt to capital ratio, or debt to earnings before interest depreciation and amortization ratio, as appropriate, and existing ratings from NRSROs on the security pledged for repayment of the WIFIA loan. If the prospective borrower is a pool of eligible borrowers and projects, discuss the existing ratings and repayment schedules of the underlying borrowers and attach supporting documentation as available.***

##### 1.1 Wichita's Investment-Grade Rating

In July 2016, Standard and Poors (S&P) Global Ratings assigned a long-term investment-grade rating of AA- to the City of Wichita's two most recent revenue bond series, 2016A and 2016B, for the utility. S&P also affirmed the same long-term AA- rating and underlying rating (SPUR) on Wichita's parity debt at



that time. S&P has assigned an AA- rating on every bond series that Wichita currently has outstanding, dating back to 2009.

In the July 2016 rating report, S&P cited Wichita's strength as an enterprise and solid financial management as determinants of the rating. S&P described Wichita's strength as an enterprise as being based on its status as the state's largest city, located in a strong metropolitan statistical area and proximity to an adequate long-term water supply. Additionally, Wichita's water and sewer rates, at 1.6% of the median household effective buying income, are affordable for its customer base.

Wichita's operational management practices earned a '3' on S&P's six-point scale, in which '1' is the strongest, based on the comprehensive approach to current and future system needs. Wichita's financial management practices earned a '2' on S&P's six-point scale, in which '1' is the strongest. S&P viewed the overall financial risk profile as 'very strong' based on Wichita's solid history of all-in debt service coverage and planned rate increases that are both affordable and adequate to cover the capital improvement plan (CIP). All-in coverage is the City's internally adjusted debt service coverage metric that it believes best tracks the use of every dollar of utility operating revenues, regardless of lien position, accounting treatment or ultimate purpose. These positives, combined with long-term financial projections, are expected to sustain an adequate debt coverage ratio long-term. Wichita's liquidity from its unrestricted cash levels and improvement account balances was another positive consideration S&P noted.

The influencing factors of S&P's AA- rating are typical for Wichita and are expected to continue throughout the life of the project. The governing body is anticipated to approve sufficient rate increases to sustain coverage of the CIP and these projects, meet all bondholder covenants and other financial obligations, while also keeping services affordable for customers.

## 1.2 Model Assumptions

The Utility's financial pro forma was built by the City's rate-setting and financial consultant, Raftelis Financial Consultants, during the 2015 cost of service analysis (COSA). Rate revenues are projected using the COSA average consumption (average consumption of years 2009 through 2014, which was determined to be a fair representation of average consumption over time) and the prior year's actual number of bills, escalated by 0.66% in some categories to account for population growth and service area expansion resulting from new development. No growth is projected for miscellaneous revenues. Most miscellaneous revenue projections are held constant at an average amount, while others are assumed to be zero. Operations and maintenance expense projections are escalated at 3% per year to keep up with inflation. Other expenses are forecasted based on various factors applicable to each individual expense.

Projected debt service coverage ratios, rate increases, and financing plans herein were produced by a scenario version of the Utility's financial pro forma (attached in **Appendix M – Summary Pro Forma**). The scenario version assumes the WIFIA loan for 49% of the project capital costs and revenue bonds for 51% of the project and all other new debt incurred. Aside from the project, other new debt assumptions are based on the City's current CIP, which includes planned capital improvements through 2027 and is expected to be approved by the City Council in the summer of 2017.

Debt projections for WIFIA are based on a fixed-rate of 3.16%, plus 2% for cost of issuance. The projected revenue bond debt assumes a 2017 interest rate of 3.73%, escalated at 0.35% per year each year after, up to a cap of 5.5%, plus 8% for cost of issuance. The table below shows the interest rate assumptions for new revenue bond debt. For modeling purposes, the rate from January 2017 is used.

**Future Revenue Bond Interest Rate Assumptions**

2017	2018	2019	2020	2021	2022	2023	2024 through 2040
3.73%	4.08%	4.43%	4.78%	5.13%	5.48%	5.50%	5.50%

The scenario model also includes additional operations and maintenance costs that would be required by the project. With these and the additional debt costs built in, rate increases in the scenario version of the pro forma were set by the City's standard practice of building up rates as smoothly as possible to avoid rate shocks to customers. The rates reflect the minimum amount required to meet all financial obligations and maintain the all-in debt coverage ratio, S&P's most comprehensive calculation method, at a target of 1.3 in order to sustain at least an AA- rating.

**1.3 Debt Service Coverage Ratio**

Existing bondholder covenants require a parity debt service coverage ratio of 1.20. Wichita's internal minimum target is 1.25 and is maintained throughout the projection period. The City is in the process of moving towards adoption of a more stringent internal target that will align with S&P's preferred all-in debt service coverage metric, with a minimum of 1.30. The tables below show the City's combined utility all-in debt service coverage ratio for the past five years and the full projection period.

**Historical Debt Service Coverage Ratios – Combined Water and Sewer**

Metric	Minimum	2012	2013	2014	2015	2016
All-In	1.30	1.53	1.21	1.24	1.28	1.28

**Projected Debt Service Coverage Ratios – Combined Water and Sewer**

Metric	Minimum	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
All-In	1.30	1.35	1.43	1.52	1.52	1.51	1.50	1.43	1.52	1.58	1.65	1.49	1.35

Metric	Minimum	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
All-In	1.30	1.32	1.38	1.37	1.36	1.32	1.31	1.33	1.43	1.40	1.45	1.45	1.47

**1.4 Cash Reserves**

Bond covenants also require the City to maintain sufficient reserves to cover current expenses and principal and interest on all indebtedness. Wichita maintains required or higher than required levels of reserves in both the water and sewer funds. The following table shows the amounts reserved in the Restricted and Unrestricted Cash accounts on an annual basis.

Restricted Cash	
Account	Description of Amount
Bond Reserve	A sum equal to the greater of the amount of interest which shall become due and payable on various revenue bond series during the next fiscal year or the maximum amount of interest which shall become due and payable on various revenue bond series in any subsequent year, shall be used solely for the payment of principal and interest on revenue bond series for which funds might not otherwise be available, or to pay a like amount of final maturing series.

Depreciation & Replacement	15% of the operating revenues of the preceding year are accumulated for the purpose of extraordinary maintenance and repairs, capital improvements, and if other funds are not available, for the cost of operating and maintaining the Utilities.
Principal & Interest	Principal and interest, an equal prorated portion of the next annual principal payment and semi-annual interest payment of various revenue bond series on the first day of each month, which is sufficient to meet the maturing bond and interest requirements.
Improvement Fund	Ending balance after all capital expenses are paid, bond proceeds received, and end of year surplus cash is transferred in
PILOT (Franchise Fees)	Full amount of current year's franchise fees
GO Debt	Full amount of current year's principal and interest payments on general obligation debt

Unrestricted Cash (Revenue Fund)	
Description of Amount	
In addition to any cash remaining after satisfying all other restriction requirements, the amount budgeted for ensuing 60 days operating expenses for utility operation, repairs, and maintenance	

Wichita's Capital Improvement Fund operates on a reimbursement basis. As the funds are depleted through capital expenditures, bonds (typically revenue bonds) are sold to replenish the account. Large projects that are expected to quickly deplete the funds are occasionally advance-funded (also typically through revenue bonds), with precautions in place to avoid arbitrage.

### 1.5 Public Private Partnership Option

The City is conceptually analyzing the benefits of a public private partnership (P3) option. The financing for a possible public private partnership would constitute a mix of WIFIA financing, tax-exempt private activity bonds, taxable debt, and equity. The exact mix of financing would be determined should the City decide to proceed with P3 delivery and the City Council approves accordingly. The mix of financing would also depend on the details of the project scope, market conditions, flexibility of funding sources, and schedule considerations. Equity would be expected to make up 10-15% of the overall capital structure and will be market-competitive. The P3 would also fund a debt service reserve equal to 6 months' debt service and a working capital reserve of 90 days' operating and debt costs. In modeling scenarios run to date, the minimum debt service coverage is 1.3x. Under these parameters an investment grade credit rating is expected.

Project delivery will be based on a future economic analysis. All project costs modeled within this document reflect a City-only delivery.

***Item No. 2. List the estimated total capital costs of the project(s), broken down by activity type and differentiating between eligible project costs and ineligible project costs. More information about eligible costs is available in the WIFIA program handbook.***

The total project cost is estimated at \$879 million, which would be financed using WIFIA (49%) for \$431 million, and water and sewer utility revenue bonds (51%) for \$448 million. The overall project is expected to be broken down into two major sections for financing. The first section is the design and construction of a NW WTP, followed by the preparation, design, and construction of WWTP BNR to maintain compliance with changing biological nutrient removal regulations.

The NW WTP half of the project is estimated at a total cost of \$524 million, of which the WIFIA loan would be used for \$257 million, and water utility revenue bonds would fund the other \$267 million.

The WWTP BNR half of the project has an estimated cost of \$355 million, of which \$174 million would be funded through WIFIA, and \$181 million would come from sewer utility revenue bonds.

No ineligible project costs are included.

***Item No. 3. Describe each source of financing for the project(s), including the WIFIA assistance, by providing at a minimum the amount, origination date, final maturity date, estimated interest rate, timing of disbursements, pledged security, repayment sources, amortization schedule, and lien position.***

The WIFIA portion of the NWWTP half of the project is estimated at \$257 million. The NWWTP is expected to be designed and constructed over a five-year period from 2018 through 2022, making the first repayment due in 2027. The final maturity date would be 30 years later in 2057. The WIFIA portion is estimated in a scenario version of the City's financial pro forma at a rate of 3.16%, plus 2.00% for costs of issuance. The WIFIA loan would be treated as a parity obligation. At minimum, the WIFIA disbursements would be requested annually to cover actual spending from the previous year, but could be requested as often as quarterly. The first disbursement would be requested for 2018 expenses.

The water utility revenue bond portion of the NWWTP project is estimated at \$267 million. The portion of the costs funded by revenue bonds would likely be advance funded in years 2018 through 2021, to cover spending in years 2019 through 2022 (2018 spending would not need to be advance funded; instead, it would either be cash funded or bonded in 2019). The City's indebtedness would be impacted beginning in 2018. This proposed indebtedness is modeled in the pro forma at an interest rate of 4.08% in 2018, escalated at 0.35% each subsequent year, up to a cap of 5.5%, plus 8% for costs of issuance. The revenue bonds would be issued as a senior debt obligation for a term of 20 years.

The funding source for both repayment of the WIFIA loan and the revenue bonds is water rate revenues, including sales, fees, and other non-operating incomes. The table below summarizes the financing plan for the NWWTP portion of the project.

**NW WTP**

Financing Source		% Provided	Estimated Spending (rounded to full millions)					
			2018	2019	2020	2021	2022	Total
WIFIA	49%		\$6 M	\$19 M	\$75 M	\$77 M	\$80 M	\$257 M
Revenue Bonds	51%		\$6 M	\$19 M	\$78 M	\$81 M	\$83 M	<u>\$267 M</u>
Year Total			\$12 M	\$38 M	\$153 M	\$158 M	\$163 M	\$524 M
Financing Terms								
	Term		Interest Rate		COI Rate	Lien Position		
WIFIA	30 years (2027-2057)		3.16%		2.00%	TBD		
Revenue Bonds	20 years (2019-2043)		4.08%*		8.00%	Senior		
Other								
The dedicated funding source for the repayment of WIFIA loans and revenue bonds is water utility rate revenues.								

*\*Escalated at 0.35% per year after 2018, up to a cap of 5.5%*

The WIFIA portion of the BNR half of the project is estimated at \$174 million. The BNR improvements are divided into two planning sections, with the preparations of Sewage Treatment Plants 1 and 2 being designed and constructed over a four-year period from 2023 through 2026, and the BNR improvements to the full sewage treatment system running from 2023 through 2027. Construction of both phases is expected to be fully complete in 2027, making the first repayment due in 2032. The model assumes first repayment of the Phase 1 portion would be made in 2031, and Phase 2 in 2032, in case that is required. The final maturity date would be 30 years later in 2062. The WIFIA portion is estimated in the City's financial pro forma at a rate of 3.16%, plus 2.00% for costs of issuance. The WIFIA loan would be treated as a parity obligation. At minimum, WIFIA disbursements would be requested annually to cover actual spending from the previous year, but could be requested as often as quarterly. The first disbursement would be requested for 2023 expenses.

The portion of the BNR costs funded by revenue bonds would likely be advance funded in years 2022 through 2026, to cover spending in years 2023 through 2027. The City's indebtedness would be impacted beginning in 2022. This proposed indebtedness is modeled in the pro forma at an interest rate of 5.48% in 2022, then at the cap of 5.5% each subsequent year, plus 8% for cost of issuance. The revenue bonds would be issued as a senior debt obligation for a term of 20 years.

The funding source for both repayment of the WIFIA loan and the revenue bonds is sewer rate revenues, including sales, fees, and other non-operating incomes. The table below summarizes the financing plan for the BNR portion of the project.

**WWTP BNR**

Financing Source		% Provided	Estimated Spending (rounded to full millions)					
			2023	2024	2025	2025	2027	Total
WIFIA	49%	\$9 M	\$31 M	\$52 M	\$53 M	\$29 M	\$174M	
Revenue Bonds	51%	\$10 M	\$32 M	\$54 M	\$55 M	\$30 M	<u>\$181M</u>	
Year Total		\$19M	\$63M	\$106M	\$108M	\$59M	\$355M	
Financing Terms								
	Term		Interest Rate		COI Rate		Lien Position	
WIFIA	30 years (2032-2062)		3.16%		2.00%		TBD	
Revenue Bonds	20 years (2024-2044)		5.48%*		8.00%		Senior	
Other								
The dedicated funding source for the repayment of WIFIA loans and revenue bonds is sewer utility rate revenues.								

\*Model assumes capped interest rate of 5.5% each subsequent year

**Item No. 4. Describe the terms of the prospective borrower's existing debt and equity financing sources, as applicable, highlighting information such as, amount, origination date, final maturity date, estimated interest rate, timing of disbursements, pledged security, repayment sources, amortization schedule, and lien position.**

The Wichita Water and Sewer Utilities are currently indebted by 13 outstanding bond series (12 revenue, one general obligation), with final maturity dates ranging from 2019 to 2039. After all 2017 payments are made, the total principal and interest outstanding will be \$432.4 million in water, \$206.2 million in sewer, for a combined total obligation of \$638.6 million. The City is currently preparing to issue an additional revenue bond series in 2017 that will add par values of approximately \$16 million in water debt and \$50 million in sewer debt. The 2017 series is expected to be on a 20-year term. The following table details all of the outstanding debt.

Year of Issue/ Series Description	Indenture	Final Maturity	Par Value		Remaining Principal		
			Water	Sewer	Water	Sewer	Other
Series 2009B Revenue Bond	Senior	2019	\$7.1	\$5.8	\$2.5	\$2.0	Taxable
Series 2010A Revenue Bond	Senior	2030	24.2	7.6	18.3	6.0	
Series 2010B Revenue Bond	Senior	2030	3.4	13.7	2.7	10.7	Taxable
Series 2011A Revenue Bond	Senior	2028	42.9	62.5	33.4	48.7	Refunding
Series 2012A Revenue Bond	Senior	2032	7.2	7.2	6	8.3	
Series 2014A Revenue Bond	Senior	2030	25.4	16	17.6	11.1	Refunding
Series 2014B Revenue Bond	Senior	2034	4.9	7.9	4.5	7.3	
Series 2015B Revenue Bond	Senior	2031	22.9	15.5	21.3	14.7	Refunding
Series 2015C Revenue Bond	Senior	2035	4.9	10	14.5	9.6	
Series 2015D Revenue Bond	Senior	2032	20	3.4	19.2	3.2	Refunding
Series 2016A Revenue Bond	Senior	2037	11.9	12.4	12	12.4	

<b>Series 2016B Revenue Bond</b>	Senior	2039	65.8	35.7	65.8	35.7	Refunding
<b>Series 811 2014 GO Bond</b>	GO Bond	2034	160	NA	125.4	NA	

**Item No. 5. Describe the prospective borrower's financial condition, including whether it is current on all debt service, in risk of imminent default, in technical default, in bankruptcy proceedings, or under a merger and acquisition plan. Provide the year-end audited financial statements for the past three years, as available, as an attachment.**

The Wichita Water and Sewer Utility is current on all debt service and other financial obligations. It meets or exceeds all bondholder covenants. There are no existing or anticipated financial privations or deviations from current financial management practices. The Water Utility has experienced four consecutive years of below average water sales due to above average precipitation, but capital spending was adjusted preemptively to protect the utility from short- and long-term financial hardship. This is a standard practice the Utility has in place to ensure financial stability in times of below average water use.

**Item No. 6. Describe the revenue source(s) that will be pledged to repayment of the WIFIA assistance. Describe preliminary revenue projections and assumptions, including the results and status of revenue feasibility studies and offtake agreements or draft agreements, as appropriate.**

Rate revenues from water and sewer services are the pledged source of repayment for WIFIA. These revenues are projected in the pro forma based on a six-year average of consumption, a small amount of customer account growth (0.66%) in some user classes, and the projected rates.

The six-year average includes the years 2009 through 2014 and was selected by the Utility's financial consultant, Raftelis Financial Consultants, as a representative period during the 2015 Cost of Service Analysis (COSA). Major deviations from the COSA average that the Utility is aware of are factored into the model to prevent over-inflation of expected revenues. A small amount (0.35% annually) is also modeled in to account for the City's annual conservation goal.

Rate increases are generally built up gradually to avoid rate shock to customers. The increases are sufficient to meet financial obligations, maintain required debt service coverage and reserve targets, cover the CIP, and maintain bondholder covenants. The rate increases in 2016 and 2017 were 5.6% and 4.0 % in water, 5.1% and 5.0% in sewer, for combined increases of 5.4% and 4.4%, respectively.

To achieve the financing plan to deliver the NW WTP and WWTP BNR upgrades, along with the remaining CIP, water and sewer rate increases in the range of 3% to 10% annually will be required.

Revenues are derived primarily from rates, but also from fees and other miscellaneous sources. Growth is only assumed for water and sewer service rate revenues. One-time fees and other miscellaneous revenues are either held constant or assumed to be zero throughout the projection period.

**Item No. 7. Describe the terms expected for each source of financing for the project(s), including the WIFIA assistance, including at a minimum the amount, origination date, final maturity date, estimated interest rate, timing of disbursements, pledged security, projected amortization schedule, capitalized interest, lien position, and any plans to raise capital for non-WIFIA funding.**

Please see the response to Item No. 3 within Section D: Financing Plan.

**Item No. 8. Provide a sources and uses of funds exhibit for the construction period(s) showing the timing and amount of expected equity and debt funding by source, including the WIFIA assistance.**

"Sources and Uses of Funds" included in Appendix N.

***Item No. 9. Attach a summary financial pro forma which presents key assumptions and annual project cash flows through the final maturity of the project and the proposed WIFIA debt, including up to five years of historical data, as available. The pro forma should include at a minimum the following:***

- a. The project's funding sources***
- b. The project obligations' dedicated source(s) of repayment***
- c. The project's revenue sources***
- d. Operations and maintenance costs***
- e. Capital expenditures***
- f. Debt service payments and reserve transfers, broken down by funding source and including WIFIA credit assistance***
- g. Equity distributions***

***If available, include sensitivity projections for pessimistic, base and optimistic cases***

A summary Pro Forma is included in **Appendix M**.

***Item No. 10. Describe the results and status of revenue feasibility studies. For project financing, list all potential off-take agreements and describe the counterparty.***

No feasibility studies have been completed for these particular projects. At a minimum, these studies would be completed as revenue bonds are issued throughout design and construction. The 2016 feasibility study is included in **Appendix O – 2016 Bond Feasibility Study** and additional studies from prior bond sales are available upon request. The project is not expected to yield any new off-take agreements.

***Item No. 11. Has the prospective borrower consulted with the applicable State Revolving Fund (SRF) Authority to procure SRF funding? If so, explain.***

No. Our understanding of the Kansas SRF loan program through past experience and communication with Kansas SRF staff indicate that the Kansas SRF loan program does not have the capacity to support this project.



## Section E: Selection Criteria

Detailed definitions for each selection criteria are provided in the WIFIA program handbook available at [www.epa.gov/wifia](http://www.epa.gov/wifia).

***Item No. 1. National or regional significance: Describe the extent to which the project is nationally or regionally significant, with respect to the generation of economic and public health benefits.***

The City's two-phased partnership procurement for the utilities optimization and comprehensive asset management program is a pioneering approach with national significance that can help chart the course for many cities around the country that are similarly challenged with aging infrastructure and a shortage of resources to implement major capital improvements in a timely and cost effective manner. The two-phased approach provides a powerful tool for assessing the City's options as it provides a detailed understanding of asset condition, operational efficiency, and investment needs, which can then feed into a comparator of delivery and financing options. This allows the City to ensure that the path it chooses delivers the greatest value for every dollar invested, and leverages the resources it has at hand most advantageously. Putting all of this together in an integrated procurement with the ability to move directly into the delivery phase is a first-of-its-kind approach that can compress the time it takes to get an infrastructure need developed sufficiently to be defined as shovel ready. To remedy the results of deferred maintenance in U.S. water and wastewater infrastructure, following Wichita's intensive, no-risk, accelerated analysis and delivery approach upfront has the potential to save cities tens of millions of dollars over the next 30 years.

Receiving the WIFIA loan would further elevate and exercise Wichita's innovative approach and highlight a path forward for leveraging public resources more advantageously, and for closing the nation's infrastructure gap at the municipal level.

Regionally significant: The addition of the NW WTP is of regional significance as it will not only provide redundancy, but reliability and risk mitigation. The existing water treatment plant provides water to not only over half-a-million people, but also to a robust aviation industry and economic hub of south-central Kansas. With several single points of failure associated with the current water treatment plant, the potential economic impact of the inability to treat and deliver potable water is significant.

Kansas Department of Health and Environment has indicated reduced BNR (phosphorus and nitrate) compliance levels will start being implemented across the state and are looking to the City to implement these changes in a way that has minimal impact to customers, in order to be mindful of the many residents and businesses in the region.

Additionally, as a navigable waterway, the Arkansas flows through Kansas and into multiple lakes in Oklahoma and Arkansas. The discharge of treated wastewater from the largest City in the state carries a high regional significance.

***Item No. 2. Enables project to proceed earlier: Describe the likelihood that assistance under this subtitle would enable the project to proceed at an earlier date than the project would otherwise be able to proceed.***

WIFIA funding would allow less severe, immediate rate increases, and in turn, would lessen the impact on customers. This would likely increase community support for investment in such large projects and potentially allow the projects to proceed earlier.

Additionally, delayed debt service, as a result of the WIFIA loan, would ensure that the City could continue to fund other needed capital improvement projects.

***Item No. 3. New or innovative approaches: Describe the extent to which the project uses new or innovative approaches such as the use of energy efficient parts and systems, or the use of renewable or alternate sources of energy; green infrastructure; and the development of alternate sources of drinking water through aquifer recharge, water recycling or desalination.***

By building the new NW WTP, the City will be able to take advantage of chemical and energy efficiencies associated with newer and updated technology and processes. Additionally, the new water treatment plant will have the ability to treat both surface and ground water, whereas the current plant is limited and only capable of treating a blended water or surface water only.

With the probable process of lime softening being implemented at the NW WTP, the City is also investigating the opportunity to use the residual solids to further enhance the treatment process at another of the City's wastewater reclamation facilities or for agricultural benefits. The Cowskin Water Quality Reclamation Facility is being considered as a nearby process that would benefit from this treatment efficiency.

The WWTP BNR project will also allow the City to have the opportunity to implement one or more technological improvements. To meet phosphorus limits while producing a useable nutrient product, a struvite precipitate reaction process is being explored. This additional nutrient recovery will also allow the opportunity to develop the resulting biosolids to the more useful Class A. This nutrient recovery has the potential to help the community and reduce the footprint of the process in several ways. The BNR project will also further support the utilization of recycle or reuse water as was just implemented with Spirit Aerosystems, the largest supplier to Boeing and a major employer in Wichita's aviation industry. The reuse water resulting after a BNR implementation has the potential to further expand the use of this resource further.

***Item No. 4. Protection against extreme weather events: Describe the extent to which the project protects against extreme weather events, such as floods or hurricanes, as well as the impacts of climate change.***

A redundant water treatment plant will ensure that the City will remain able to treat water in the event of an emergency or failure that impacts the current sole water treatment plant. With a single facility treating water for the largest City in the state, a tornado or other extreme weather event could potentially take the existing treatment plant offline, a risk that is reduced with the presence of a redundant treatment plant at a different location. Not only is the treatment process a single point failure at this time, but likewise the high service pump station, water clearwell storage, electrical service, chemical service, and other functions of the facility all present single point failure points that could put the community out of water.

With the age and condition of the existing water treatment plant, the increased number and strength of earthquakes in the region has also become a concern. Some areas of brick fascia and nonstructural components have been identified as showing effects of the multiple 5.0+ earthquakes experienced by the region in 2016. Increased concern and inspection of the structural aspects of the facility, as well as bases, piping, and infrastructure supporting mechanical aspects, has been undertaken when such events occur.

The NW WTP's ability to treat groundwater, in addition to surface water, will assist the City in times of drought. With the City using two primary water sources, one being a surface water reservoir and the other being a ground water aquifer, drought resistance is tied in part to the ability to use either source solely. Currently, the City is not able to fully implement a single source situation in peak day scenarios, or when certain process trains are offline, mixing is required. The NW WTP will be designed with the appropriate technology to isolate any given water source or blend.

***Item No. 5. Maintain or protect the environment or public health: Describe the extent to which the project helps maintain or protect the environment or public health.***

Portions of the Lower Arkansas River are designated 303(d) Impaired Waterways affecting the use by aquatic life. The impairment is primarily due to pollutants, with the priority constituent being “total phosphorus”. The planned KDHE BNR requirements, particularly related to phosphorus and nitrate, are intended to reduce the effect of the state’s largest water quality reclamation facility on the navigable Arkansas River, as it continues through Kansas into Oklahoma. KDHE has also indicated a preference to work with the City to assess the costs to customers for various technology options as they start to look at implementation of similar biological limits at other facilities in the state.

***Item No. 6. Serves energy exploration or production areas: Describe the extent to which a project serves regions with significant energy exploration, development, or production areas.***

The WWTP BNR project will allow the City to consider implementing newer technologies to use methane gases from the digestion process for plant site energy or additional uses. The cost to implement such uses of process gases is yet to be evaluated in terms of lifecycle cost as compared to benefits.

***Item No. 7. Serves regions with water resource challenges: Describe the extent to which a project serves regions with significant water resource challenges, including the need to address water quality concerns in areas of regional, national, or international significance; water quantity concerns related to groundwater, surface water, or other resources; significant flood risk; water resource challenges identified in existing regional, state, or multistate agreements; and water resources with exceptional recreational value or ecological importance.***

The NW WTP’s ability to treat groundwater, in addition to surface water, will assist the City in times of drought. With the City using two primary water sources, one being a surface water reservoir and the other being a groundwater aquifer, drought resistance is tied in part to the ability to use either source solely. Currently, the City is not able to fully implement a single source situation in peak day scenarios, or when certain process trains are offline, mixing is required. The NW WTP will be designed with the appropriate technology to isolate any given water source or blend.

In terms of water resource challenges, the ability for the City to use these two primary water sources independently also supports the need to control the migration of chlorides into the aquifer. While the aquifer recharge project in part delays or slows this migration, the technologies to be implemented with the NW WTP will further allow the City to use the sources in such a way to further slow such migration.

***Item No. 8. Addresses identified priorities: Describe the extent to which the project addresses identified municipal, state, or regional priorities.***

The City of Wichita’s 2015-2035 Community Investments Plan states “the funding/financing, maintenance, replacement and enhancement of our public water, sewer and stormwater infrastructure and facilities is a high-very high investment need for our community over the long term.”

The Kansas Department of Health and Environmental looks to the City, as the largest wastewater treatment plant in the state, to lead the way to address upcoming regulatory challenges related to biological nutrient removal.

***Item No. 9. Financing plan: Describe the extent to which the project financing plan includes public or private financing.***

To date, the City has modeled 20-year revenue bonds for both the NW WTP and WWTP BNR projects. However, the City is also exploring the use of longer term revenue bonds and other project financing, as described in the Value for Money Analysis ([Appendix F](#)).

***Item No. 10. Reduction of Federal assistance: Describe the extent to which assistance under this subtitle reduces the contribution of Federal assistance to the project.***

Not applicable.

***Item No. 11. Readiness to proceed: Describe the readiness of the project to proceed toward development, including a demonstration by the prospective borrower that there is a reasonable expectation that the contracting process for construction of the project can commence by not later than 90 days after the date on which a Federal credit instrument is obligated for the project.***

For both the NW WTP and WWTP BNR projects, the land is owned by the City, the concepts have been vetted, and a sizeable portion of the pipelines needed for implementation have been constructed. The City has already taken the steps to identify project delivery methods for the Council to decide on as a result of the Utilities Optimization project. The WIFIA loan will be a major step, among the final few, to put contracts in place for further design and further explore final selection of delivery and financing options prior to beginning construction. No barriers are expected that would prevent the project commencing within 90 days.

***Item No. 12. Repair, rehabilitation, or replacement: Describe the extent to which the project addresses needs for repair, rehabilitation or replacement of a treatment works, community water system, or aging water distribution or wastewater collection system;***

The proposed NW WTP costs will be fully dedicated to the addition of a second water treatment plant for the City and the surrounding areas. The City intends to rehabilitate the existing water treatment plant after the construction of the new NW WTP. The redundant water treatment plant will allow the existing water treatment plant to come offline for a period of time in order to make critical repairs related to the existing plant's age and condition.

The proposed WWTP BNR project costs will be used to rehabilitate three, existing wastewater treatment plants. Following rehabilitation, these three plants will meet the new regulatory requirements soon-to-be mandated by the Kansas Department of Health and Environment.

***Item No. 13. Economically stressed communities: Describe the extent to which the project serves economically stressed communities, or pockets of economically stressed rate payers within otherwise non-economically stressed communities.***

In 2015, the median household income for Wichita was \$45,947, with 17.3% of residents reported to be in poverty. This is compared to the national median household income of \$56,516 and poverty rate of 13.5%, as reported by the United States Census Bureau.

In 2015, the City Council voted to add 0.1% in an additional rate increase for both water and sewer rates in 2016, in order to dedicate funding to the H2O Care Program. Administered by a local non-profit, this program provides utility assistance to households who meet income eligibility requirements. Previously funded by donations only, the dedicated funding provided for expansion of this program to allow households to apply more than once per lifetime. Nearly 1,000 households have participated in this program over the last three years.

All water customers served by the City water utility would benefit from a new water treatment plant, as it would ensure safe and reliable drinking water. WIFIA assistance would benefit these ratepayers by allowing smoother and lower annual rate increases.

#### Section F: Contact Information

##### 1. Primary point of contact.

---

<b>Name:</b>	<b>Alan King</b>
<b>Title:</b>	<b>Director of Public Works and Utilities</b>
<b>Organization:</b>	<b>City of Wichita</b>
<b>Street Address:</b>	<b>455 N. Main, 8<sup>th</sup> floor</b>
<b>City/State/Zip:</b>	<b>Wichita, KS 67202</b>
<b>Phone:</b>	<b>316-268-4497</b>
<b>E-mail:</b>	<b>aking@wichita.gov</b>

---

##### 2. Secondary point of contact.

---

<b>Name:</b>	<b>Gary Janzen</b>
<b>Title:</b>	<b>City Engineer</b>
<b>Organization:</b>	<b>City of Wichita</b>
<b>Street Address:</b>	<b>455 N Main, 7<sup>th</sup> floor</b>
<b>City/State/Zip:</b>	<b>Wichita, KS 67202</b>
<b>Phone:</b>	<b>316-268-4450</b>
<b>E-mail:</b>	<b>gjanzen@wichita.gov</b>

---

## Section G: Certifications

**1. National Environmental Policy Act:** The prospective borrower acknowledges that any project receiving credit assistance under this program must comply with all provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.)

**2. American Iron and Steel:** The prospective borrower acknowledges that any project receiving credit assistance under this program for the construction, alteration, maintenance, or repair of a project may only use iron and steel products produced in the United States and must comply with all applicable guidance.

**3. Prevailing Wages:** The prospective borrower acknowledges that all laborers and mechanics employed by contractors or subcontractors on projects receiving credit assistance under this program shall be paid wages at rates not less than those prevailing for the same type of work on similar construction in the immediate locality, as determined by the Secretary of Labor, in accordance with sections 3141-3144, 3146, and 3147 of Title 40 (Davis-Bacon wage rules).

**4. Lobbying:** Section 1352 of Title 31, United States Code provides that none of the funds appropriated by any Act of Congress may be expended by a recipient of a contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, or an employee of a Member of Congress in connection with the award or making of a Federal contract, grant, loan, or cooperative agreement or the modification thereof. EPA interprets this provision to include the use of appropriated funds to influence or attempt to influence the selection for assistance under the WIFIA program.

WIFIA prospective borrowers must file a declaration: (a) with the submission of an application for WIFIA credit assistance; (b) upon receipt of WIFIA credit assistance (unless the information contained in the declaration accompanying the WIFIA application has not materially changed); and (c) at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the information contained in any declaration previously filed in connection with the WIFIA credit assistance.

The undersigned certifies, to the best of his or her knowledge and belief, that:

**1.** No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

**2.** If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

**3.** The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person

making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

**5. Debarment:** The undersigned further certifies that it is not currently, nor has it been in the preceding three years: 1) debarred, suspended, or declared ineligible from participating in any Federal program; 2) formally proposed for debarment, with a final determination still pending; 3) voluntarily excluded from participation in a Federal transaction; or 4) indicted, convicted, or had a civil judgment rendered against it for any of the offenses listed in the Regulations Governing Debarment and Suspension (Governmentwide Nonprocurement Debarment and Suspension Regulations: 2 C.F.R. Part 180 and Part 1532.

**6. Default/Delinquency:** The undersigned further certifies that neither it nor any of its subsidiaries or affiliates are currently in default or delinquent on any debt or loans provided or guaranteed by the Federal Government.

**7. Other Federal Requirements:** The prospective borrower acknowledges that it must comply with all other federal statutes and regulations, as applicable. A non-exhaustive list of federal cross-cutting statutes and regulations can be found at: [www.epa.gov/wifia](http://www.epa.gov/wifia).

**8. Signature:** By submitting this letter of interest, the undersigned certifies that the facts stated and the certifications and representations made in this letter of interest are true, to the best of the prospective borrower's knowledge and belief after due inquiry, and that the prospective borrower has not omitted any material facts. The undersigned is an authorized representative of the prospective borrower.

---

Name: Alan King  
 Title: Director of Public Works and Utilities  
 Organization: City of Wichita  
 Street Address: 455 N Main  
 City/State/Zip: Wichita, KS 67202  
 Phone: 316-268-4497  
 E-mail: [aking@wichita.gov](mailto:aking@wichita.gov)

---

Signature: \_\_\_\_\_

Name: Alan King \_\_\_\_\_

Date Signed: 4.5.17 \_\_\_\_\_

## Section H: Notification of State Infrastructure Financing Authority

By submitting this letter of interest, the undersigned acknowledges that EPA will (1) notify the appropriate State infrastructure financing authority in the State in which the project is located that the prospective borrower submitted this letter of interest; and (2) provide the submitted letter of interest and all source documents to that State infrastructure financing authority.

---

<b>Name:</b>	Alan King
<b>Title:</b>	Director of Public Works and Utilities
<b>Organization:</b>	City of Wichita
<b>Street Address:</b>	455 N Main
<b>City/State/Zip:</b>	Wichita, KS 67202
<b>Phone:</b>	316-268-4497
<b>E-mail:</b>	aking@wichita.gov

---

Prospective borrowers that do not want their letter of interest and source documents shared with the State infrastructure financing authority in the state in which the project is located may opt out by initialing here \_\_\_\_\_.

In the event that a prospective borrower opts out of sharing a letter of interest, EPA will still notify the State infrastructure financing authority within 30 days of receiving a letter of interest.

Signature:  \_\_\_\_\_

Name: Alan King \_\_\_\_\_

Date Signed: 4.5.17 \_\_\_\_\_